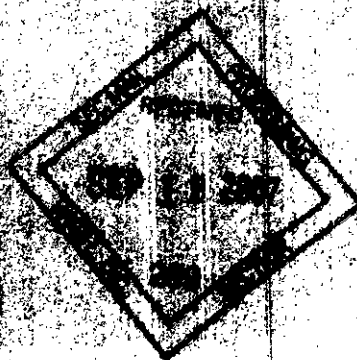
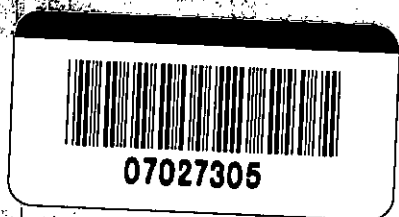
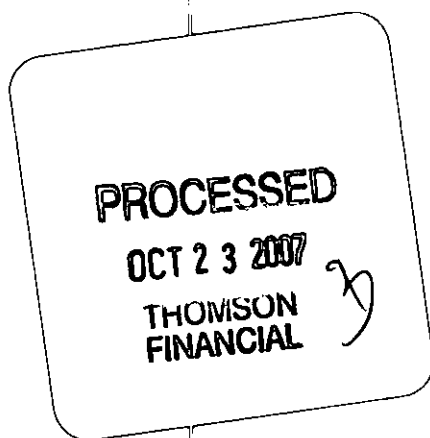


Second Quarter 2007 Report



SUPPL

Swiss Reinsurance Co.



Dec  
10/17

# Key information

## Corporate highlights

- Net income of CHF 1.2 billion, up 45%; earnings per share of CHF 3.50; book value per share of CHF 86.35
- Return on equity of 16.8% for the half year (annualised); shareholders' equity of CHF 29.5 billion
- Strong return on investments of 5.7% for the half year (annualised)
- Property & Casualty operating income up 68%; combined ratio of 90.7%, based on stringent underwriting and the strength of the Group's P&C franchise
- Life & Health return on operating revenues of 7.4%, impacted by quarterly volatility in US mortality
- Financial Services revenues grew 34%, reflecting continued strong growth in client-driven activity in credit, variable annuity and insurance-linked securities
- First-half earnings resulted in more rapid generation of excess capital than expected; share buy-back to continue immediately, subject to market conditions

## Financial highlights (unaudited)

For the three months ended 30 June

CHF millions unless otherwise stated	2006	2007	Change in %
<b>Property &amp; Casualty business</b>			
Premiums earned	3 928	4 549	16
Combined ratio, traditional business (in %)	93.9	90.7	

<b>Life &amp; Health business</b>			
Premiums earned	2 610	3 105	19
Return on operating revenues (in %)	13.2	7.4	

<b>Financial Services business</b>			
Total revenues	529	707	34
Operating income	113	193	71

<b>Group</b>			
Premiums earned	6 821	7 955	17
Net income	825	1 194	45
Earnings per share (in CHF)	2.53	3.50	38
Shareholders' equity (31.12.2006/30.06.2007)	30 884	29 515	-4
Return on investments (in %), half year, annualised	5.1	5.7	
Return on equity (in %), half year, annualised	14.0	16.8	
Number of employees <sup>1</sup> (31.12.2006/30.06.2007)	10 891	10 734	

<sup>1</sup> Permanent staff

## Financial strength ratings

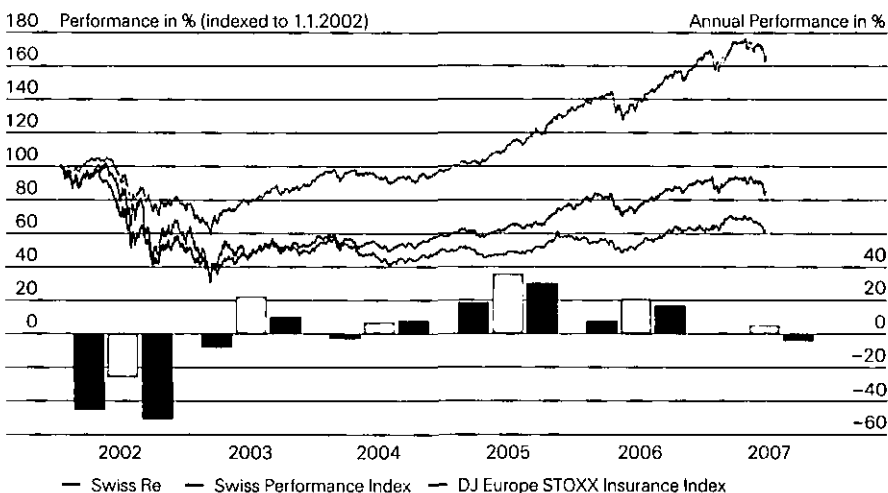
as of 31 July 2007	S&P	Moody's	A.M. Best
Rating	AA-	Aa2	A+
Outlook	stable	negative	stable

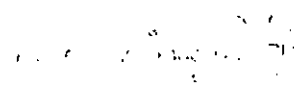
## Share performance

### Market information as of 31 July 2007

Share price (in CHF)	104.00
Market capitalisation (in CHF millions)	36 674
Number of shares entitled to dividend	352 639 237

Performance <sup>1</sup>	2002-31 July 2007 (p.a.)	Year to 31 July 2007
Swiss Re (in %)	-8.1	0.4
Swiss Performance Index (in %)	9.5	4.9
DJ Europe STOXX Insurance Index (in %)	-2.8	-4.1





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## Fellow shareholders, ladies and gentlemen

We are pleased to report another successful quarter for your company. Swiss Re has maintained its sharp focus on underwriting discipline and economic profit growth, capturing profitable opportunities and actively transferring risk to the capital markets. This has enabled us to further improve the quality of our earnings. The second quarter saw strong operating performance. Net income for the quarter rose to CHF 1.2 billion, or CHF 3.50 per share, an increase of 45% over the same period in 2006. In addition, our investments asset base grew significantly by CHF 6.9 billion, or 4%, largely due to recent longevity transactions.

Return on equity was equivalent to an annualised rate of 15.9% for the quarter and 16.8% for the half year. Shareholders' equity decreased 4% since 31 December 2006 to CHF 29.5 billion, due to second quarter mark-to-market effects on our fixed income portfolio and the dividend payment following the Annual General Meeting in April, as well as the buy-back of shares in the first quarter. Our capital position remains very strong, further strengthened by the operating result in the first six months of 2007. Book value per share was CHF 86.35 at the end of June, compared to CHF 89.01 at the end of March and CHF 86.21 at the end of 2006. This, again, was driven mainly by interest rate effects on the fixed income portfolio. Although book value decreased, the rise in interest rates is slightly positive from an economic perspective.

Our total investment result was a solid CHF 2.3 billion for the second quarter. We achieved a strong annualised return on investments of 5.7% for the half year, compared to 5.1% for the same period in 2006. This performance was possible despite the mark-to-market effect from rising interest rates on both sides of the Atlantic. The increase in interest rates provided support for sustainable improvements in our running yield as we are reinvesting our strong operating and investment cash flows at higher rates.

Swiss Re has maintained a cautious stance in relation to credit risk, given historically low spreads. We actively manage our credit risk exposure with appropriate limits by product, issuer and sector. We also carefully monitor our exposure to credit stress losses, which measure how our existing portfolio would respond to the largest six-month change in the credit markets over the last 15 years. We control the stress loss exposure through a dynamic hedging programme and take advantage of market conditions when appropriate.

In June, we reinforced our leading position in risk transfer and trading by launching Swiss Re Cat Bond Indices, a new market-wide set of catastrophe bond performance indices. This is an important and innovative step, which will make catastrophe bond returns markedly more transparent, thus attracting additional investors to the sector and further enhancing secondary market trading and liquidity.

The Group continues to seek new opportunities for capital market solutions. In the second quarter, Swiss Re launched the first-ever catastrophe bond to cover its earthquake risk in the Mediterranean. On behalf of Allianz, we underwrote the first securitisation to include UK flood risk. We also underwrote the first actively managed natural catastrophe securitisation that utilised a collateralised debt obligation structure on behalf of Nephila Capital Ltd. In addition, we are delivering new client solutions for variable annuity products based on a combination of reinsurance cover and financial hedges.

These achievements highlight the powerful capabilities of your firm to combine risk management and capital market expertise in order to mitigate earnings volatility and generate economic profit growth.

Property & Casualty business delivered operating income of CHF 1.7 billion, up 68% compared to the second quarter of 2006, thanks to an excellent underwriting result, the addition of Insurance Solutions as well as strong performance in asset management. The combined ratio for the quarter was 90.7%.

Return on operating revenues in Life & Health declined to 7.4% from a very strong 13.2% in the second quarter of 2006. This decrease was mainly the result of short-term volatility in US mortality, which was significantly higher than the very favourable prior year period. Overall, mortality developments for the half year are in line with expectations. During the second quarter, we signed one Admin Re<sup>®</sup> deal and completed one longevity transaction, as well as a combined Admin Re<sup>®</sup>-longevity deal, representing total assets of CHF 16.7 billion. Swiss Re continues to seek similar opportunities to put your capital to work at attractive returns.

Financial Services revenues grew 34% compared to the second quarter of 2006. Strong growth in the Capital Management and Advisory business and the continuing success of our recent product initiatives, such as variable annuities, contributed to an operating income of CHF 193 million, exceeding our expectations. The Financial Services outlook remains strong as it sustains the development of core new product offerings for both our insurance clients and Swiss Re's own balance sheet.

As these gratifying results demonstrate, our efforts to build a powerful, integrated firm continue to gather momentum. First-half earnings resulted in a more rapid generation of excess capital than we initially expected. As a result, we have decided to immediately continue the share buy-back programme that you authorised at this year's Annual General Meeting. We will establish a second trading line on virt-x to repurchase shares up to a value of CHF 4.2 billion over a three-year period, which will be used for a subsequent capital reduction.

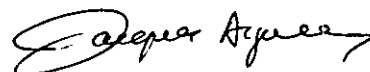
It is now just over a year since we completed the acquisition of Insurance Solutions. Already, the integration is delivering strategic and operational benefits, with higher synergies and lower restructuring costs than we had originally anticipated. The fundamentals of our markets remain attractive, and we aim to manage the cycle carefully by adjusting capacity where necessary and ensuring adequate pricing to preserve the superior quality of our portfolio and earnings.

We remain driven by two principal objectives: fulfilling our clients' needs and securing attractive returns for you, our shareholders. Your company is strongly positioned to deliver on these goals. We look ahead confidently, fully prepared to seize profitable opportunities offered by the second half of 2007.

Zurich, 7 August 2007



**Peter Forstmoser**  
Chairman of the Board of Directors



**Jacques Aigrain**  
Chief Executive Officer

# Key events

3 April

## **Embedded value 2006**

Swiss Re's life and health embedded value earnings grew 38% to CHF 2.4 billion, up from CHF 1.7 billion in 2005. Embedded value increased 13% to CHF 22.6 billion in 2006, up from CHF 20.1 billion in 2005. The value of new business was CHF 664 million in 2006. The internal rate of return for new business was 12.7%.

20 April

## **Annual General Meeting**

At Swiss Re's 143rd Annual General Meeting, shareholders approved the 2007–2010 share buy-back programme as well as an increase in dividend to CHF 3.40 per share. Hans Ulrich Maerki was elected to the Board of Directors.

27 April

## **Australian dollar hybrid securities placement**

Swiss Re successfully issued a total of AUD 750 million of hybrid debt securities, its first foray into the Australian dollar bond market.

8 May

## **First quarter 2007 results**

Swiss Re's net income increased 54% to CHF 1.3 billion in the first quarter of 2007. Annualised return on equity rose to 17.1%. Earnings per share grew 38% to CHF 3.85.

30 May

## **Swiss Re agrees on option to sell new business operations of former GE Life**

Swiss Re concluded an agreement that gives it the right to sell the new business operations of Tomorrow, the recently re-branded GE Life, to LV=. Subject to the exercise of the option, and satisfaction of regulatory and other conditions, the sale is expected to be completed in December 2007.

1 June

## **First Mediterranean earthquake risk bond launched**

Swiss Re obtained USD 100 million protection against earthquake risk in Turkey, Greece, Israel, Portugal and Cyprus. The transaction marked the first time that earthquake risk in these countries has been securitised in the capital markets.

20 June

## **Swiss Re establishes healthcare advisory company in India**

Swiss Re Healthcare Services was founded in Bangalore to assist health insurance companies in rapidly expanding the market in India. The new company will focus on individual product development as well as corporate health schemes.

28 June

## **Swiss Re Cat Bond Indices**

Swiss Re launched the first performance indices for catastrophe bonds in cooperation with Standard & Poor's. Swiss Re Cat Bond Indices are an important step in increasing the transparency of cat bond returns, attracting additional investors and enhancing the secondary market.

Strong operating performance generated net income of CHF 1.2 billion for the second quarter of 2007 and excellent earnings per share of CHF 3.50.

## Group results

Swiss Re reported net income of CHF 1.2 billion in the second quarter of 2007, representing a 45% increase compared to the second quarter of 2006. Earnings per share rose by 38% to CHF 3.50, reflecting continuing strong operating performance.

The US dollar weakened 5% against the Swiss franc, while the Euro and the British pound strengthened 4% and 6%, respectively.

Premiums earned rose 17% to CHF 8.0 billion, largely due to the inclusion of Insurance Solutions. Excluding currency exchange effects, premiums also increased by 17%.

Net investment income was CHF 2.6 billion, a 45% increase over the prior year period at constant exchange rates. This rise was mainly due to the overall portfolio growth as a result of growth in Admin Re® and the addition of the Insurance Solutions portfolio, as well as a higher average running yield on the Group's fixed income portfolio.

Net realised investment gains were CHF 1.2 billion. This represents an increase of CHF 1.5 billion compared to the second quarter of 2006, mainly as a result of realised gains credited to policyholders. Excluding these, net realised gains increased by CHF 0.1 billion in the second quarter of 2007 compared to the same period last year.

Trading and other revenues grew 115% to CHF 273 million, reflecting strong performance in the structured and traded credit business, as well as in equity derivative products related to our variable annuity business.

Claims and claim adjustment expenses increased 19% to CHF 3.1 billion. The increase is in line with the overall growth in non-life premiums earned, reflecting the continuing strong underwriting performance in the second quarter of 2007.

Natural catastrophe claims were slightly higher than expected in the second quarter, mainly due to flood claims in Australia, the United Kingdom and Indonesia. Prior year claims development was neutral.

Life and health benefits rose 47% to CHF 3.0 billion, reflecting the acquisitions in the life and health business segment, as well as short-term volatility in US mortality, which was significantly higher than the comparable quarter in 2006.

Interest credited to policyholders increased by CHF 1.4 billion to CHF 1.8 billion at constant exchange rates, reflecting strong investment performance on the underlying assets.

Acquisition costs remained stable at CHF 1.6 billion. The acquisition cost ratio was 20% in the second quarter of 2007, compared to 23% in the same period of the previous year. The acquisition cost ratio

continues to benefit from the effect of the purchase GAAP adjustment which eliminates the historic deferred acquisition costs of GE Insurance Solutions, resulting in less amortisation compared to the same period last year.

Other expenses were CHF 1.1 billion in the second quarter of 2007, an increase of 18% over the second quarter of 2006. The rise in operating costs and expenses was mainly due to the acquisitions completed in 2006. The good overall performance of the Group led to higher variable compensation accruals in the second quarter of 2007. These increases were partly offset by the absence of restructuring costs incurred in the first half of 2006 combined with cost savings achieved as a result of the Insurance Solutions integration initiatives started in 2006. The anticipated savings from the synergies resulting from the Insurance Solutions acquisition are ahead of the Group's original projections.

### Consolidated income statement

CHF millions, for the three months ended 30 June	2006	2007	Change in %
<b>Revenues</b>			
Premiums earned	6 821	7 955	17
Fee income from policyholders	217	278	28
Net investment income	1 778	2 588	46
Net realised investment gains	-216	1 242	>250
Other revenues including trading revenues and fees	127	273	115
<b>Total revenues</b>	<b>8 727</b>	<b>12 336</b>	<b>41</b>
<b>Expenses</b>			
Claims and claim adjustment expenses:			
life and health benefits	-4 681	-6 156	32
Interest credited to policyholders	-326	-1 755	>250
Acquisition costs	-1 559	-1 557	0
Other expenses	-970	-1 141	18
Interest expenses	-136	-203	49
<b>Total expenses</b>	<b>-7 672</b>	<b>-10 812</b>	<b>41</b>
<b>Income before income tax expense</b>	<b>1 055</b>	<b>1 524</b>	<b>44</b>
Income tax expense	-230	-330	43
<b>Net income</b>	<b>825</b>	<b>1 194</b>	<b>45</b>
<b>Shareholders' equity (31.12.06/30.06.07)</b>	<b>30 884</b>	<b>29 515</b>	<b>-4</b>

Overall, the cost ratio was 9.2%, compared with 11.1% in the prior year period. Interest expenses were CHF 203 million, an increase of 49% over the second quarter of 2006, reflecting the interest expenses related to the funding for the Insurance Solutions acquisition as well as the issuance of hybrid debt securities in the second quarter of 2007.

The Group's effective tax rate was 22.9% for the first half of 2007, identical to the same period of the previous year.

Shareholders' equity decreased marginally by 4% to CHF 29.5 billion compared to the end of 2006. The decrease was a combination of stronger earnings in the first half of 2007, offset by the Group's first steps in the share buy-back programme, unrealised losses on the fixed income securities portfolio and dividends paid in the second quarter of 2007. Book value per share was CHF 86.35, compared to CHF 89.01 on 31 March 2007 and CHF 86.21 on 31 December 2006. The decrease compared to the previous quarter was mainly driven by interest rate effects on the fixed income portfolio and payment of the dividend.

Annualised return on equity increased to 16.8% for the first half of 2007 compared to 14.0% for the first half of 2006, reflecting strong earnings on a marginally lower average shareholders' equity base compared to the end of 2006.

#### Income reconciliation

The table in the upper right reconciles the income from the business segments and the operations of the Corporate Centre with the Group consolidated net income before tax. Net realised gains or losses on certain financial instruments, certain currency exchange gains and losses and other income and expenses – such as indirect taxes, capital taxes and interest charges – have been excluded in the assessment of each segment's performance.

#### Property & Casualty business

Property & Casualty operating income increased 68% to CHF 1.7 billion in the second quarter of 2007, compared to CHF 1.0 billion in the same period of the previous year. The second quarter of 2007 benefited from an improved underwriting result, the inclusion of Insurance Solutions,

as well as a strong investment performance. The investment result rose 82% to CHF 1.4 billion.

Premiums earned for traditional business grew 19% to CHF 4.5 billion in the second quarter of 2007, reflecting successful renewals of Swiss Re's business, including the Insurance Solutions portfolio. Non-traditional premiums declined to CHF 0.1 billion.

Strong underwriting performance, especially in the property and motor lines of business, improved the combined ratio including unwind of discount to 90.7%, compared to 93.9% in the second quarter of 2006.

#### Life & Health business

The operating result, excluding non-participating realised gains, decreased to CHF 335 million, compared to CHF 477 million in the second quarter of 2006. This resulted in a return on operating revenues of 7.4%, compared to a very strong 13.2% in the prior year period. The decrease was mainly due to short-term volatility, as mortality in US traditional life and US Admin Re<sup>®</sup> business was higher compared to the very favourable level for the prior year period. Overall, mortality developments for the first half of 2007 were in line with expectations. The US mortality volatility in the second quarter was partly offset by positive claims experience in the UK traditional business. The Life & Health operating result was also lower compared to the prior year, as the Group has redeployed

capital, most notably for the Insurance Solutions acquisition.

Compared to the second quarter of 2006, Life & Health premiums and fee income increased 20% to CHF 3.4 billion, reflecting the acquisition of Insurance Solutions and GE Life UK business.

#### Financial Services business

Operating income increased to CHF 193 million, compared to CHF 113 million in the second quarter of 2006. The strong performance was mainly the result of growth in credit opportunities and solutions for clients provided by Swiss Re's capital markets platform, together with the development of new solutions for market risks associated with variable annuities.

Revenues for the quarter rose 34% due to very strong growth in Capital Management and Advisory revenues, solid premium growth in Credit Solutions and steady revenues in third-party asset management. As a result of the strong operating performance, the return on total revenues rose to 31.5% in the second quarter, compared to 15.7% in the same period of the previous year.

Premiums earned increased 6% in the second quarter, primarily reflecting the addition of bank trade finance business in Credit Solutions. The combined ratio was 92.7%, compared to 91.0% in the second quarter of 2006.

#### Income reconciliation

CHF millions, for the three months ended 30 June	2006	2007	Change in %
<b>Operating income</b>			
Property & Casualty business	1 023	1 715	68
Life & Health business	551	266	-52
Financial Services business	113	193	71
<b>Total operating income</b>	<b>1 687</b>	<b>2 174</b>	<b>29</b>
Corporate Centre expenses	-93	-73	-22
Items excluded from the segments:			
Net investment income	30	29	3
Net realised gains/losses	-677	-233	-66
Foreign exchange gains/losses	427	7	-98
Interest expense	-136	-203	49
Restructuring costs	-87	-1	-99
Other income/expenses	-96	-176	83
<b>Net income before tax</b>	<b>1 055</b>	<b>1 524</b>	<b>44</b>

## Investments

Swiss Re delivered a strong return on investments of 5.7% for the first half of 2007 (annualised), compared with 5.1% (annualised) for the first half of 2006. For the second quarter of 2007, the annualised return on investments was 5.6%.

The following comments on the investment performance and the investment portfolio exclude assets held for linked liabilities.

The investment portfolio grew from CHF 164.8 billion at the end of March 2007 to CHF 171.7 billion at the end of June, mainly related to longevity transactions in the quarter. On 30 June 2007, Swiss Re's overall gross asset allocation was 82% in fixed income, 8% in equity securities, 2% in real estate, 5% in cash and cash equivalents, and 3% in other assets, essentially unchanged compared to 31 December 2006.

Net realised investment losses were CHF 45 million compared to a loss of CHF 101 million in the second quarter of 2006, as mark-to-market losses on the fixed income portfolio, classified as trading, as well as

derivative hedging costs were partially offset by equity gains. Net unrealised gains were CHF 2.0 billion on 30 June 2007, compared to CHF 4.0 billion on 31 March 2007, as a result of changes in interest rates. However, the economic impact was mildly positive, as the fixed income portfolio was matched to the duration of Swiss Re's liabilities.

### Fixed income

The average running yield on Swiss Re's portfolio increased to 5.0% in the second quarter of 2007 from 4.8% in the first quarter of 2007.

Swiss Re's credit exposure, as measured by stress loss to widening credit spreads – based on the largest spread increases during any six-month period between 1998 and 2002 – rose, on a gross basis, from an average of CHF 1.7 billion in the first quarter of 2007 to CHF 2.0 billion in the second quarter, as a result of longevity transactions. To manage this exposure, Swiss Re put credit default swaps in place, which had the effect of reducing stress loss, on a net basis, to an average of CHF 1.4 billion in the first quarter, and CHF 1.7 billion in the second quarter of 2007.

Net realised losses amounted to CHF 307 million in the second quarter of 2007.

### Equities

Net realised gains were CHF 697 million, compared to CHF 177 million in the second quarter of 2006. The value of unrealised gains increased to CHF 2.0 billion at the end of June 2007 from CHF 1.9 billion at the end of March 2007. Swiss Re protects its equity portfolio by actively using equity derivative instruments. The effect of the equity hedges was to reduce stress test exposure – based on a 30% fall in equity markets with a simultaneous increase in volatility – from a gross average impact of CHF 2.8 billion to a net average impact of CHF 1.3 billion in the second quarter of 2007.

### Other asset classes

The increase in net investment income reflects the excellent performance of Swiss Re's alternative investment portfolio. Other asset classes include costs (net realised losses) of CHF 275 million in the second quarter 2007 for derivatives used to hedge financial market and insurance risk exposure.

### Investment results

CHF millions, for the three months ended 30 June	2006	2007	Change in %
<b>Net investment income</b>	<b>1 778</b>	<b>2 588</b>	<b>46</b>
Fixed income	1 273	1 846	45
Equities	117	165	41
Other asset classes	347	592	71
Investment expenses	-85	-132	55
Interest paid on ceded deposits	-102	-154	51
Assets held for linked liabilities	228	271	19
<b>Net realised investment gains</b>	<b>-216</b>	<b>1 242</b>	<b>&gt;250</b>
Fixed income	-147	-307	109
Equities	177	697	>250
Other asset classes	-27	-251	>250
Assets held for linked liabilities	-115	1 287	>250
Currency exchange remeasurement and designated trading portfolios <sup>1</sup>	-104	-184	77
<b>Total</b>	<b>1 562</b>	<b>3 830</b>	<b>145</b>
<b>Total excluding assets held for linked liabilities</b>	<b>1 449</b>	<b>2 272</b>	<b>57</b>
Return on investments (in %), half year, annualised <sup>2</sup>	5.1	5.7	

<sup>1</sup> Designated trading portfolios are foreign currency denominated trading fixed income securities, which back certain foreign currency denominated liabilities.

<sup>2</sup> At average currency exchange rates; excluding result from assets held for linked liabilities

## Outlook

Swiss Re is focused on supporting clients' needs and delivering enhanced returns to shareholders. Going forward, the Group aims to widen its client base as the preferred partner for all insurable risks, leveraging its reinsurance and capital markets expertise to transform and trade those risks, and seeking bold, innovative solutions to profitably deploy its capital.

Swiss Re sees further attractive opportunities for Admin Re® and longevity business. At the same time, the Group continues to expand its capital market capabilities to meet rising demand for natural catastrophe covers, and is developing new products for its engineering, weather, agricultural and marine businesses. As evidenced by the recent launch of catastrophe bond performance indices in cooperation with Standard & Poor's, Swiss Re is promoting the secondary market for insurance derivatives.

In the July 2007 renewals, Swiss Re successfully maintained the quality of its non-life reinsurance portfolio. Rates remained at attractive levels with a slight decline of 2% and the overall portfolio decreased 9%, partly due to higher client retentions. This shows how the Group continues to actively manage the cycle by focusing on disciplined underwriting and pricing, and adjusting capacity to preserve the su-

perior quality of its risk portfolio and earnings. Swiss Re further protects its capital and earnings by using a wide variety of reinsurance and capital markets instruments to manage volatility and mitigate peak catastrophe risks.

The investment portfolio is well positioned, as Swiss Re has maintained a cautious stance in relation to credit risk due to historically low spreads. The Group is partially hedged against the risk of spread widening. Swiss Re intends to manage exposures dynamically and take advantage of market conditions when appropriate.

On 1 March, Swiss Re announced plans for a CHF 6 billion share buy-back programme. In a first step, the Group repurchased shares worth CHF 1.7 billion which had been issued to General Electric as part of the Insurance Solutions acquisition. As a result of strong first-half earnings and subject to market conditions, Swiss Re will commence the second step of its share buy-back, using a new trading line to repurchase Swiss Re shares up to a value of approximately CHF 4.2 billion over a three-year period. These shares will be used for a subsequent capital reduction.

Swiss Re maintains its targets of 10% earnings per share growth and 13% return on equity over the cycle, reflecting the Group's commitment to achieving sustainable returns for shareholders.

# Income statement (unaudited)

CHF millions	Three months ended 30 June		Six months ended 30 June	
	2006	2007	2006	2007
<b>Revenues</b>				
Premiums earned	6821	7955	13380	16046
Fee income from policyholders	217	278	467	491
Net investment income	1778	2588	3259	4584
Net realised investment gains/losses	-216	1242	718	1988
Trading and other revenues	127	273	285	679
<b>Total revenues</b>	<b>8727</b>	<b>12336</b>	<b>18109</b>	<b>23788</b>
<b>Expenses</b>				
Claims and claim adjustment expenses	-2630	-3136	-5396	-6548
Life and health benefits	-2051	-3020	-4325	-5913
Interest credited to policyholders	-326	-1755	-1345	-2391
Acquisition costs	-1559	-1557	-2956	-3114
Other expenses	-970	-1141	-1665	-2191
Interest expenses	-136	-203	-230	-358
<b>Total expenses</b>	<b>-7672</b>	<b>-10812</b>	<b>-15917</b>	<b>-20515</b>
<b>Income before income tax expense</b>	<b>1055</b>	<b>1524</b>	<b>2192</b>	<b>3273</b>
Income tax expense	-230	-330	-504	-750
<b>Net income</b>	<b>825</b>	<b>1194</b>	<b>1688</b>	<b>2523</b>
<b>Earnings per share in CHF</b>				
Basic	2.53	3.50	5.31	7.26
Diluted	2.38	3.22	4.97	6.70

The accompanying notes are an integral part of the Group financial statements.

# Balance sheet (unaudited)

## Assets

CHF millions	31.12.2006	30.06.2007
<b>Investments</b>		
<b>Fixed income securities:</b>		
Available-for-sale, at fair value (including 18 744 in 2006 and 19 786 in 2007 subject to securities lending and repurchase agreements) (amortised cost: 2006: 92 151; 2007: 104 949)	93 127	103 712
Trading (including 2 234 in 2006 and 1 900 in 2007 subject to securities lending and repurchase agreements)	22 622	23 531
<b>Equity securities:</b>		
Available-for-sale, at fair value (including 923 in 2006 and 1 322 in 2007 subject to securities lending and repurchase agreements) (amortised cost: 2006: 8 839; 2007: 8 152)	10 845	10 131
Trading	20 828	23 083
Policy loans, mortgages and other loans	7 058	7 191
Investment real estate	4 227	3 887
Short-term investments, at amortised cost, which approximates fair value	9 464	9 912
Other invested assets	4 336	5 441
<b>Total investments</b>	<b>172 507</b>	<b>186 888</b>
Cash and cash equivalents	13 606	10 001
Accrued investment income	1 782	2 127
Premiums and other receivables	14 726	18 308
Reinsurance recoverables on unpaid claims and policy benefits	18 699	16 961
Funds held by ceding companies	14 211	14 891
Deferred acquisition costs	5 270	6 048
Acquired present value of future profits	7 550	7 451
Goodwill	4 838	5 152
Income taxes recoverable	714	1 035
<b>Financial services assets:</b>		
Fixed income securities, trading (including 8 746 in 2006 and 7 725 in 2007 subject to securities lending and repurchase agreements)	23 714	31 007
Other financial services assets	8 638	15 906
Other assets	5 045	5 975
<b>Total assets</b>	<b>291 300</b>	<b>321 750</b>

The accompanying notes are an integral part of the Group financial statements.

## Liabilities and shareholders' equity

CHF millions	31.12.2006	30.06.2007
<b>Liabilities</b>		
Unpaid claims and claim adjustment expenses	95 011	94 944
Liabilities for life and health policy benefits	44 899	54 549
Policyholder account balances	42 834	44 047
Unearned premiums	8 025	10 975
Funds held under reinsurance treaties	10 531	10 693
Reinsurance balances payable	6 832	7 774
Income taxes payable	866	943
Deferred and other non-current taxes	2 685	2 332
Financial services liabilities:		
Financial services liabilities: Short-term debt	7 201	7 436
Financial services liabilities: Long-term debt	6 765	12 783
Other financial services liabilities	18 407	26 818
Short-term debt	1 917	2 740
Accrued expenses and other liabilities	6 470	7 116
Long-term debt	7 973	9 085
<b>Total liabilities</b>	<b>260 416</b>	<b>292 235</b>
<b>Shareholders' equity</b>		
Common stock, CHF 0.10 par value:		
2006: 374 440 378; 2007: 374 842 374 shares authorised and issued	37	37
Additional paid-in capital	11 136	11 123
Treasury shares	-272	-2 000
Accumulated other comprehensive income:		
Net unrealised investment gains/losses, net of deferred tax	2 230	875
Foreign currency translation	-205	50
Accumulated adjustment for pension and post-retirement benefits	-724	-587
<b>Total accumulated other comprehensive income</b>	<b>1 301</b>	<b>338</b>
Retained earnings	18 682	20 017
<b>Total shareholders' equity</b>	<b>30 884</b>	<b>29 515</b>
<b>Total liabilities and shareholders' equity</b>	<b>291 300</b>	<b>321 750</b>

The accompanying notes are an integral part of the Group financial statements.

# Statement of shareholders' equity (unaudited)

For the twelve months of 2006 ended 31 December and the six months of 2007 ended 30 June

CHF millions	2006	2007
<b>Common shares</b>		
Balance as of 1 January	32	37
Issue of common shares	5	
Balance as of period end	37	37
<b>Additional paid-in capital</b>		
Balance as of 1 January	6852	11 136
Issue of common shares	4234	33
Share based compensation	57	-35
Realised gains/losses on treasury shares	-7	-11
Balance as of period end	11 136	11 123
<b>Treasury shares</b>		
Balance as of 1 January	-209	-272
Purchase of treasury shares	-284	-1939
Sale of treasury shares	221	211
Balance as of period end	-272	-2000
<b>Net unrealised gains/losses, net of tax</b>		
Balance as of 1 January	1908	2230
Change during the period	322	-1355
Balance as of period end	2230	875
<b>Foreign currency translation</b>		
Balance as of 1 January	971	-205
Change during the period	-1 176	255
Balance as of period end	-205	50
<b>Adjustment for pension and post-retirement benefits</b>		
Balance as of 1 January	-59	-724
Change during the period	-665	137
Balance as of period end	-724	-587
<b>Retained earnings</b>		
Balance as of 1 January	14 898	18 682
Net income	4 560	2 523
Dividends on common stock	-776	-1 218
Cumulative effect of adoption of FIN 48		30
Balance as of period end	18 682	20 017
<b>Total shareholders' equity</b>	<b>30 884</b>	<b>29 515</b>

The accompanying notes are an integral part of the Group financial statements.

# Statement of comprehensive income (unaudited)

CHF millions	Three months ended 30 June		Six months ended 30 June	
	2006	2007	2006	2007
Net income	825	1 194	1 688	2 523
Other comprehensive income, net of tax:				
Change in unrealised gains/losses	-952	-1 222	-1 580	-1 355
Change in foreign currency translation	-1 324	220	-1 420	255
Change in adjustment for pension and other post-retirement benefits		131		137
<b>Comprehensive income</b>	<b>-1 451</b>	<b>323</b>	<b>-1 312</b>	<b>1 560</b>

The accompanying notes are an integral part of the Group financial statements.

# Statement of cash flow (unaudited)

For the six months ended 30 June

CHF millions	2006	2007
<b>Cash flows from operating activities</b>		
Net income	1 688	2 523
Adjustments to reconcile net income to net cash provided/used by operating activities:		
Depreciation, amortisation and other non-cash items	214	398
Net realised gains	-718	-1 988
Change in:		
Technical provisions, net	1 381	637
Funds held by ceding companies and other reinsurance balances	-1 210	-1 396
Other assets and liabilities, net	-251	135
Income taxes payable/recoverable	238	73
Income from equity-accounted investments, net of dividends received	-179	-252
Trading positions, net	-159	-640
Change in financial services assets and liabilities:		
Financial services assets	-6 141	-9 777
Financial services liabilities – Short-term debt	-845	279
Financial services liabilities – Long-term debt	906	2 054
Financial services liabilities – Other	5 916	7 552
<b>Net cash provided/used by operating activities</b>	<b>840</b>	<b>-402</b>
<b>Cash flows from investing activities</b>		
Fixed income securities:		
Sales and maturities	20 417	22 725
Purchases	-16 950	-27 185
Net purchases/sales/maturities of short-term investments	1 354	-97
Equity securities:		
Sales	5 105	3 931
Purchases	-5 954	-2 830
Cash paid/received for acquisitions/disposals and reinsurance transactions, net	-3 348	1 274
Net purchases/sales/maturities of other investments	-533	235
<b>Net cash provided/used by investing activities</b>	<b>91</b>	<b>-1 947</b>
<b>Cash flows from financing activities</b>		
Issuance of long-term debt	3 076	1 946
Issuance/repayment of short-term debt	-186	-464
Equity issued	1 323	33
Purchases/sales of treasury shares	10	-1 739
Dividends paid to shareholders	-776	-1 218
<b>Net cash provided/used by financing activities</b>	<b>3 447</b>	<b>-1 442</b>
<b>Total net cash provided/used</b>	<b>4 378</b>	<b>-3 791</b>
Reclassification to financial services assets	-2 451	
Effect of foreign currency translation	-259	186
<b>Change in cash and cash equivalents</b>	<b>1 668</b>	<b>-3 605</b>
Cash and cash equivalents as of 1 January	8 368	13 606
<b>Cash and cash equivalents as of 30 June</b>	<b>10 036</b>	<b>10 001</b>

The accompanying notes are an integral part of the Group financial statements.

The Group has reclassified CHF 2 451 million from cash to Financial services assets related to the assumption of the debt of Insurance Solutions in 2006.

Interest paid during 2007 was CHF 709 million.

## 1. Organisation and summary of significant accounting policies

### **Nature of operations**

The Swiss Re Group, which is headquartered in Zurich, Switzerland, comprises Swiss Reinsurance Company (the parent company, referred to as "Swiss Re Zurich") and its subsidiaries (collectively, the "Swiss Re Group" or the "Group"). The Group provides reinsurance and other related products and services to insurance companies, clients and others worldwide through a network of offices in over 25 countries as well as through reinsurance brokers.

### **Basis of presentation**

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP) and comply with Swiss law. The Group's financial statements are stated in Swiss francs (CHF), the currency of the country in which Swiss Re Zurich is incorporated. All significant inter-company transactions and balances have been eliminated on consolidation.

These interim financial statements should be read in conjunction with the Swiss Re Group financial statements for the year ended 31 December 2006.

### **Use of estimates in the preparation of financial statements**

The preparation of financial statements requires management to make significant estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as the related disclosure including contingent assets and liabilities. The Swiss Re Group's liabilities for unpaid claims and claim adjustment expenses and policy benefits for life and health include estimates for premium, claim and benefit data not received from ceding companies at the date of the financial statements. In addition, the Group uses certain financial instruments and invests in securities of certain entities for which exchange trading does not exist. The Group determines these estimates on the basis of historical information, actuarial analyses, financial modelling and other analytical techniques. Actual results could differ significantly from the estimates described above.

### **Recent accounting guidance**

On 6 June 2006, the FASB issued FASB Interpretation No. 48 "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 prescribes a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. As a result of the initial application of the provisions of FIN 48 in the half year ended 30 June 2007, the Group recognised a decrease of CHF 30 million in reserves for uncertain tax positions. The decrease was reported as an adjustment to the opening balance of retained earnings.

On 19 September 2005, the AICPA released SOP 05-1 "Accounting by Insurance Enterprises for Deferred Acquisition Costs in Connection With Modifications or Exchanges of Insurance Contracts" ("SOP 05-1"). The adoption of SOP 05-1 in the half year ended 30 June 2007 did not have a material impact on the Group's financial statements.

## 2. Investments

### Investment income

Net investment income by source for the periods ended 30 June was as follows:

CHF millions	Three months ended 30 June		Six months ended 30 June	
	2006	2007	2006	2007
Fixed income securities	1 091	1 610	2 128	3 037
Equity securities	288	382	388	524
Policy loans, mortgages and other loans	153	158	309	315
Investment real estate	34	58	71	111
Short-term investments	51	111	108	245
Other current investments	26	71	52	136
Equity in earnings of equity-accounted investees	111	221	185	254
Cash and cash equivalents	55	77	97	163
Deposits with ceding companies	162	209	303	372
<b>Gross investment income</b>	<b>1 971</b>	<b>2 897</b>	<b>3 641</b>	<b>5 157</b>
Less investment expenses	-92	-155	-181	-263
Funds held interest charged	-101	-154	-201	-310
<b>Net investment income</b>	<b>1 778</b>	<b>2 588</b>	<b>3 259</b>	<b>4 584</b>

Dividends received from investments accounted for using the equity method were CHF nil million and CHF nil million for the three months ended 30 June for 2006 and 2007, respectively, as well as CHF 6 million and CHF 2 million for the six months ended 30 June for 2006 and 2007, respectively.

Net investment income for 2006 and 2007, respectively, includes income on unit-linked business of CHF 228 million and CHF 271 million for the three months ended 30 June, as well as CHF 378 million and CHF 405 million for the six months ended 30 June, which is credited to unit-linked policyholders.

### Realised gains and losses

Realised gains and losses for fixed income, equity securities and other investments for the periods ended 30 June were as follows:

CHF millions	Three months ended 30 June		Six months ended 30 June	
	2006	2007	2006	2007
Fixed income securities available-for-sale				
Gross realised gains	129	111	370	252
Gross realised losses	-186	-159	-299	-288
Equity securities available-for-sale				
Gross realised gains	279	612	538	1 134
Gross realised losses	-113	-48	-119	-91
Other-than-temporary impairments	-46	-30	-85	-160
Net realised investment gains/losses on trading securities	1 383	229	1 327	364
Change in net unrealised investment gains on trading securities	-1 095	994	-234	1 095
Other investments				
Gross realised/unrealised gains	139	645	292	1 326
Gross realised/unrealised losses	-97	-851	-211	-1 389
Exchange gains/losses	-609	-261	-861	-255
<b>Net realised investment gains/losses</b>	<b>-216</b>	<b>1 242</b>	<b>718</b>	<b>1 988</b>

Proceeds from fixed income securities available-for-sale amounted to CHF 9 668 million for the three months ended 30 June (2006: CHF 9 824 million) and CHF 20 009 million for the six months ended 30 June (2006: CHF 18 128 million). Sales of equity securities available-for-sale amounted to CHF 2 310 million for the three months ended 30 June (2006: CHF 1 945 million) and CHF 4 643 million for the six months ended 30 June (2006: CHF 3 148 million).

Net realised gains/losses include income on unit-linked business of CHF – 115 million and CHF 1287 million in the three months ended 30 June for 2006 and 2007, respectively, and CHF 543 million and CHF 1589 million in the first six months of 2006 and 2007, respectively, which is credited to unit linked policyholders.

Realised gains and losses do not include the change in fair value of Financial Services assets/liabilities classified as trading revenues/expenses and change in fair value of derivative financial instruments classified as cash flow hedges.

## Trading revenues

Trading revenues mainly generated by the trading activities of the Financial Services business segment and certain other financial services assets/liabilities for the periods ended 30 June were as follows:

CHF millions	Three months ended 30 June		Six months ended 30 June	
	2006	2007	2006	2007
Income from fixed income securities	331	408	619	1 497
Income from other financial services assets	21	718	39	750
Net investment income from				
Financial Services assets	352	1 126	658	2 247
Net unrealised investment gains/losses				
on trading securities	-547	-144	-552	-61
Net realised investment gains/losses				
on trading securities	502	-59	497	94
Net realised and unrealised investment				
gains/losses on other FS assets	-4	263	-5	350
Net realised investment gains/losses	-49	60	-60	383
Trading expenses	-248	-1 000	-454	-2 105
<b>Trading revenues</b>	<b>55</b>	<b>186</b>	<b>144</b>	<b>525</b>

## Mortgages, loans and real estate

As of 31 December 2006 and 30 June 2007, investments in mortgages and other loans and real estate comprised the following:

CHF millions	Carrying value	31.12.2006	Carrying value	30.06.2007
		Fair value		Fair value
Mortgages and other loans	7 058	7 058	7 191	7 191
Investment real estate	4 227	5 389	3 887	5 137

As of 31 December 2006 and 30 June 2007, the Group's investment in mortgages and other loans included CHF 231 million and CHF 208, respectively, of loans due from employees, as well as CHF 388 million and CHF 415, respectively, due from officers. These loans generally consist of mortgages offered at variable and fixed interest rates.

As of 31 December 2006 and 30 June 2007, investments in real estate included CHF 67 million and CHF 69 million, respectively, of real estate held for sale.

Depreciation expense related to income-producing properties was CHF 17 million and CHF 30 million for the six months ended 30 June 2006 and 2007, respectively. Accumulated depreciation on investment real estate totalled CHF 444 million and CHF 517 million as of 31 December 2006 and 30 June 2007, respectively.

Substantially, all mortgages and other loans receivable are secured by buildings, land or the underlying policies. The ultimate collectibility of the receivables is evaluated regularly and an appropriate allowance for uncollectible amounts is established.

### 3. Derivative financial instruments

The Group uses a variety of derivative financial instruments including swaps, options, forwards, credit derivatives and exchange-traded financial futures in its trading and hedging strategies, in line with the Group's overall risk management strategy. The objectives include managing exposure to price, foreign currency and/or interest rate risk on planned or anticipated investment purchases, existing assets or liabilities, as well as locking in attractive investment conditions for future available funds.

The fair values represent the gross carrying value amounts at the reporting date for each class of derivative contract held or issued by the Group. The fair values below are not an indication of credit risk, as many over-the-counter transactions are contracted and documented under ISDA master agreements or their equivalent. Management believes that such agreements provide for legally enforceable set-off in the event of default, which substantially reduces credit exposure.

The maximum potential loss assuming non-performance by all counterparties, and based on the market replacement cost at 31 December 2006 and 30 June 2007 approximated CHF 2 220 million and CHF 4 206 million, respectively. These values are net of amounts offset pursuant to rights of set-off and qualifying master netting arrangements with various counterparties.

The fair value of derivatives outstanding at 31 December 2006 and 30 June 2007 is as follows:

CHF millions	31.12.2006			30.06.2007		
	Positive fair value	Negative fair value	Carrying value assets/ liabilities	Positive fair value	Negative fair value	Carrying value assets/ liabilities
<b>Interest rate contracts</b>						
Forwards and futures	24	-71	-47	96	-124	-28
Swaps	2 863	-3 062	-199	3 253	-3 245	8
Other				1	-3	-2
<b>Total</b>	<b>2 887</b>	<b>-3 133</b>	<b>-246</b>	<b>3 350</b>	<b>-3 372</b>	<b>-22</b>
<b>Equity and index contracts</b>						
Forwards and futures	260	-343	-83	871	-983	-112
Options	1 999	-2 146	-147	2 391	-2 253	138
Swaps	202	-148	54	327	-192	135
Other		-11	-11			
<b>Total</b>	<b>2 461</b>	<b>-2 648</b>	<b>-187</b>	<b>3 589</b>	<b>-3 428</b>	<b>161</b>
<b>Foreign currency</b>						
Options	279	-284	-5	332	-312	20
Swaps	1 286	-1 496	-210	1 435	-1 673	-238
<b>Total</b>	<b>1 565</b>	<b>-1 780</b>	<b>-215</b>	<b>1 767</b>	<b>-1 985</b>	<b>-218</b>
<b>Other derivatives</b>						
Credit derivatives	1 427	-1 041	386	1 618	-1 529	89
Weather derivatives	95	-124	-29	64	-111	-47
Other	133	-205	-72	116	-178	-62
<b>Total</b>	<b>1 655</b>	<b>-1 370</b>	<b>285</b>	<b>1 798</b>	<b>-1 818</b>	<b>-20</b>
<b>Total derivative financial instruments</b>	<b>8 568</b>	<b>-8 931</b>	<b>-363</b>	<b>10 504</b>	<b>-10 603</b>	<b>-99</b>

As of 31 December 2006 and 30 June 2007, other invested assets include derivative financial instruments with a fair value of CHF 718 million and CHF 920 million, respectively.

As of 31 December 2006 and 30 June 2007, other financial services assets include derivative financial instruments with a fair value of CHF 2 086 million and CHF 2 268 million, respectively.

As of 31 December 2006 and 30 June 2007 other accrued expenses and other liabilities include derivative financial instruments with a fair value of CHF 555 million and CHF 578 million, respectively.

As of 31 December 2006 and 30 June 2007, other financial services liabilities include derivative financial instruments with a fair value of CHF 2 612 million and CHF 2 709 million, respectively.

These derivative financial instruments include cash flow hedges with a fair value of CHF 31 million and CHF 6 million as of 31 December 2006 and 30 June 2007, respectively.

**Hedges of the net investment  
in a foreign operation**

For the year ended 31 December 2006 and for the half year ended 30 June 2007, the Group recorded net unrealised foreign currency transaction losses of CHF 96 million and CHF 165 million, respectively, in foreign currency translation related to hedges of the foreign currency exposure of its net investments in foreign operations.

## 4. Acquisitions

On 9 June 2006, Swiss Re completed the acquisition of 100% of the outstanding common shares of GE Insurance Solutions Corporation, excluding its US life and health operation and certain other assets and liabilities, from General Electric Company.

The purchase price has been allocated based on a preliminary estimate of the fair value of assets acquired and liabilities assumed at the date of acquisition.

Property and casualty reserves, both assumed and ceded, have been adjusted based on an estimate of their fair value as of the date of the acquisition. Such estimates include the best estimate of the ultimate claims payments and receipts and the timing of those payments. The estimated payments have been discounted and adjusted for the expected cost of holding capital to support the reinsurance assets and liabilities.

In conjunction with the acquisition, Swiss Re had identified certain areas mainly with respect to property and casualty reserves, where more information was required. Having obtained this information, Swiss Re has revised the initial estimate in line with the established methodology described above.

The revised estimate resulted in an increase in property and casualty reserves, net of tax, of CHF 333 million, partly offset by other revisions to assets acquired and liabilities assumed, with a net increase in goodwill of CHF 249 million compared to year end 2006.

## 5. Deferred acquisition costs (DAC) and acquired present value of future profits (PVFP)

CHF millions	Twelve months ended 31 December 2006		Six months ended 30 June 2007	
	DAC	PVFP	DAC	PVFP
Balance as of 1 January	5 393	6 535	5 270	7 550
Deferred	4 161		2 637	
Effect of acquisitions/disposals and retrocessions		1 443		
Amortisation	-4 100	-790	-1 977	-524
Interest accrued on unamortised PVFP		413		216
Effect of foreign currency translation	-184	-245	118	110
Effect of change in unrealised gains/losses		194		99
<b>Balance as of period end</b>	<b>5 270</b>	<b>7 550</b>	<b>6 048</b>	<b>7 451</b>

The amortisation of DAC in the first half of 2007 represents CHF 1 619 million, CHF 171 million, and CHF 187 million for the Property & Casualty, Life & Health, and Financial Services business segments, respectively.

Retroceded DAC and PVFP may arise on retrocession of reinsurance portfolios, including reinsurance undertaken as part of a securitisation. The associated potential retrocession recoveries are determined by the nature of the retrocession agreements and by the terms of the securitisation.

## 6. Debt

The Group enters into long- and short-term debt arrangements to obtain funds for general corporate use and specific transaction financing. The Group defines short-term debt as debt having a maturity at the balance sheet date of less than one year and long-term debt of greater than one year. The Group's debt as of 31 December 2006 and 30 June 2007 was as follows:

CHF millions	31.12.2006	30.06.2007
Senior financial debt	1 917	1 814
Senior operational debt	7 201	7 436
Subordinated financial debt	0	926
Short-term debt – financial and operational debt	9 118	10 176
Senior financial debt	2 482	2 445
Senior operational debt	6 765	8 833
Subordinated financial debt	5 491	6 640
Subordinated operational debt	0	3 950
Long-term debt – financial and operational debt	14 738	21 868
<b>Total debt</b>	<b>23 856</b>	<b>32 044</b>

### Maturity of long-term debt

As of 31 December 2006 and 30 June 2007, long-term debt as reported above has the following maturities:

CHF millions	31.12.2006	30.06.2007
Due in 2008	1 935	2 312
Due in 2009	1 818	1 964
Due in 2010	1 201	1 271
Due in 2011	917	1 946
Due in 2012	56	1 258
Due after 2012	8 811	13 117
<b>Total carrying value</b>	<b>14 738</b>	<b>21 868</b>
<b>Total fair value</b>	<b>15 081</b>	<b>21 719</b>

## Senior long-term debt

Maturity	Instrument	Issued in	Currency	Nominal in millions	Interest rate	Book value in CHF millions
2008	Mandatory Convertible Bond	2005	CHF	1 000	6.00%	995
2008	EMTN	2005	GBP	90	3M Libor + 5bp	221
2008	EMTN	2005	JPY	8 100	3M Libor	80
2008	EMTN	2005	USD	150	4.13%	189
2008	EMTN	2006	CHF	100	3M Libor + 1bp	100
2008	EMTN	2006	GBP	35	3M Libor + 3.5bp	86
2008	EMTN	2006	JPY	17 340	Various	173
2008	EMTN	2007	GBP	190	3M Libor + 1.875bp	468
2009	3 EMTN	2004	EUR	20	Various	33
2009	EMTN	2004	JPY	5 000	0.81%	50
2009	3 EMTN (Zero coupon Notes)	2004	USD	42	Various	52
2009	EMTN	2005	CHF	300	1.25%	302
2009	EMTN	2005	JPY	3 000	0.41%	30
2009	EMTN	2006	CHF	300	3M Libor + 0.5bp	300
2009	EMTN	2006	CHF	200	2.50%	200
2009	Private Placement	2006	CHF	175	2.59%	175
2009	Insurance-linked placement	2006	USD	61	Libor + 2.30% -2.35%	84
2009	Mandatory Convertible Bond	2006	CHF	610	9.80%	610
2009	EMTN	2007	JPY	5 000	6M Libor + 3bp	50
2009	EMTN	2007	JPY	8 000	0.32%	78
2010	Senior Notes <sup>1</sup>	2000	USD	350	7.50%	462
2010	EMTN (Amortising Bond)	2003	GBP	30	4.38%	74
2010	2 EMTN	2005	CHF	625	Various	625
2010	EMTN	2005	CZK	300	2.88%	17
2011	Credit-linked Note	2006	USD	735	5.01%	901
2011	EMTN	2007	CHF	250	3.13%	252
2011	Insurance-linked placement	2007	EUR	110	3.83%	182
2012	Credit-linked Note	2007	USD	980	3M Libor - 89.87bp	1 202
2015	EMTN (Straight Bond)	2001	CHF	150	4.00%	151
2017	Trust-preferred Stock (Trups) <sup>2</sup>	1997	USD	42	8.72%	60
2017	Credit-linked Note	2000	USD	9	Various	2
2019	Senior Notes <sup>1</sup>	1999	USD	400	6.45%	481
2026	Senior Notes <sup>1</sup>	1996	USD	600	7.00%	754
2030	Senior Notes <sup>1</sup>	2000	USD	350	7.75%	460
Various	Payment Undertaking Agreements	Various	Various	Various	Various	1 379
<b>Total senior debt as of 30 June 2007</b>						<b>11 278</b>
Total senior debt as of 31 December 2006						9 247

<sup>1</sup> Assumed in the acquisition of GE Insurance Solutions

<sup>2</sup> Assumed in the acquisition of Life Re Corporation

## Subordinated long-term debt

Maturity	Instrument	Issued in	Currency	Nominal in millions	Interest rate...	...first call in	Book value in CHF millions
2021	Convertible bond	2001	USD	1 150	3.25%	2011	1 390
2047	Subordinated Private Placement <sup>1</sup>	2007	GBP	1 750	4.96%		3 950
–	Subordinated Perpetual Loan	1998	DEM	110	6M Libor +45bp	2010	93
–	Subordinated Perpetual Bond (SUPERBs)	1999	CHF	600	3.75%	2011	593
–	Subordinated Perpetual Loan Note	2006	EUR	1 000	5.25%	2016	1 643
–	Subordinated Perpetual Note	2006	USD	752	6.85%	2016	921
–	Subordinated Perpetual Loan Note	2007	GBP	500	6.30%	2019	1 224
–	Subordinated Perpetual Loan Note	2007	AUD	750	Variable	2017	776
<b>Total subordinated debt as of 30 June 2007</b>							<b>10 590</b>
Total subordinated debt as of 31 December 2006							5 491

<sup>1</sup> This debt is resulting from a single transaction and is non-recourse

Swiss Re uses debt to finance general corporate purposes but also to fund "Financial services assets and liabilities" (funded business). "Financial services assets and liabilities" are structured with the intention of creating assets and liabilities that generate offsetting foreign exchange and interest rate risks. Debt that is strictly used for funded business is classified as operational debt and is included in financial services liabilities. Operational debt is excluded by the rating agencies from financial leverage calculations.

## Interest expense on long-term debt

Interest expense on long-term debt for the half years ended 30 June 2006 and 2007, respectively, was as follows:

CHF millions	Three months ended 30 June		Six months ended 30 June	
	2006	2007	2006	2007
Senior financial debt	45	42	82	75
Senior operational debt	61	77	88	158
Subordinated financial debt	46	88	84	159
Subordinated operational debt		42		42
<b>Total</b>	<b>152</b>	<b>249</b>	<b>254</b>	<b>434</b>

## Debt issued in the first half year 2007

In January 2007, the Group issued an insurance-linked security of EUR 110 million, bearing interest at the rate of 3.83% and due in four years.

In March 2007, the Group issued a GBP 500 million subordinated Step-up Loan Note with a perpetual term bearing interest at the rate of 6.30 %.

In April 2007, the Group issued an AUD 750 million subordinated Step-up Loan Note with a perpetual term, AUD 300 million bearing interest at the rate of 7.64 % and AUD 450 million bearing interest at the rate of six-month Australian bank bill short-term rate plus 117 basis points. Further, the Group issued a subordinated private placement of GBP 1 750 million, bearing interest at the rate of 4.96% with a forty-year maturity.

In June 2007, the Group issued GBP 190 million under the EMTN programme, with a one year maturity and a coupon of three-month Libor plus 1.875 basis points, JPY 5 000 million with a two-year maturity and a coupon of six-month Libor plus 3 basis points, JPY 8 000 million with a two-year maturity and a coupon of 0.32%, and CHF 250 million with a four-year maturity and a coupon of 3.13%. Further, the Group issued a credit-linked note of USD 980 million, due in June 2012, bearing interest of three-month Libor minus 89.87 basis points.

## 7. Reinsurance information

### Premiums written, premiums earned and fees assessed against policyholders

CHF millions, for the six months ended 30 June	2006			2007		
	Non-life	Life & Health	Total	Non-life	Life & Health	Total
<b>Premiums written</b>						
Direct	726	540	1 266	1 493	1 106	2 599
Assumed	9 997	5 267	15 264	11 180	5 996	17 176
Ceded	-788	-852	-1 640	-875	-811	-1 686
<b>Total premiums written</b>	<b>9 935</b>	<b>4 955</b>	<b>14 890</b>	<b>11 798</b>	<b>6 291</b>	<b>18 089</b>

<b>Premiums earned</b>						
Direct	667	540	1 207	1 465	1 109	2 574
Assumed	8 137	5 305	13 442	8 897	5 989	14 886
Ceded	-417	-852	-1 269	-609	-805	-1 414
<b>Total premiums earned</b>	<b>8 387</b>	<b>4 993</b>	<b>13 380</b>	<b>9 753</b>	<b>6 293</b>	<b>16 046</b>

<b>Fees assessed against policyholders</b>						
Direct		256	256		422	422
Assumed		272	272		140	140
Ceded		-61	-61		-71	-71
<b>Total fees assessed against policyholders</b>		<b>467</b>	<b>467</b>		<b>491</b>	<b>491</b>

### Claims and claim adjustment expenses

CHF millions, for the six months ended 30 June	2006			2007		
	Non-life	Life & Health	Total	Non-life	Life & Health	Total
<b>Claims</b>						
Claims paid, gross	-6 546	-4 641	-11 187	-9 502	-5 492	-14 994
Claims paid, retro	544	813	1 357	1 856	755	2 611
Claims paid, net	-6 002	-3 828	-9 830	-7 646	-4 737	-12 383
Change in unpaid claims and claim adjustment expenses; life and health benefits, gross	907	-373	534	2 385	-1 215	1 170
Change in unpaid claims and claim adjustment expenses; life and health benefits, retro	-301	-124	-425	-1 287	39	-1 248
Change in unpaid claims and claim adjustment expenses; life and health benefits, net	606	-497	109	1 098	-1 176	-78
<b>Claims and claim adjustment expenses; life and health benefits</b>	<b>-5 396</b>	<b>-4 325</b>	<b>-9 721</b>	<b>-6 548</b>	<b>-5 913</b>	<b>-12 461</b>

### Acquisition costs

<b>Acquisition costs</b>						
Acquisition costs, gross	-1 915	-1 261	-3 176	-1 818	-1 440	-3 258
Acquisition costs, retro	48	172	220	-60	204	144
<b>Acquisition costs, net</b>	<b>-1 867</b>	<b>-1 089</b>	<b>-2 956</b>	<b>-1 878</b>	<b>-1 236</b>	<b>-3 114</b>

## Reinsurance assets and liabilities

CHF millions	31.12.2006			30.06.2007		
	Non-life	Life & Health	Total	Non-life	Life & Health	Total
<b>Assets</b>						
Reinsurance recoverable on unpaid claims and policy benefits	7 622	11 077	18 699	6 585	10 376	16 961
Deferred acquisition costs	1 440	3 830	5 270	1 977	4 071	6 048
<b>Liabilities</b>						
Unpaid claims and claim adjustment expenses	80 391	14 620	95 011	79 290	15 654	94 944
Liabilities for life and health						
policy benefits		44 899	44 899		54 549	54 549
Policyholder account balances		42 834	42 834		44 047	44 047

## 8. Shareholders' equity

### Earnings per share

CHF millions (except share data)	Three months ended 30 June		Six months ended 30 June	
	2006	2007	2006	2007
<b>Basic earnings per share</b>				
Net income available to				
common shares	825	1 194	1 688	2 523
Weighted average				
common shares outstanding	325 557 390	341 521 260	318 001 499	347 629 137
Net income per share in CHF	2.53	3.50	5.31	7.26
<b>Effect of dilutive securities</b>				
Change in income available				
to common shares				
due to convertible bonds	31	40	60	81
Change in average number				
of shares due to convertible bonds				
and employee options	34 691 744	41 115 881	34 004 472	41 011 979
<b>Diluted earnings per share</b>				
Net income assuming				
debt conversion and exercise				
of options	856	1 234	1 748	2 604
Weighted average				
common shares outstanding	360 249 134	382 637 141	352 005 971	388 641 116
Net income per share in CHF	2.38	3.22	4.97	6.70

## 9. Benefit plans

### Defined benefit pension plans and post-retirement benefits

The Group sponsors various funded defined benefit pension plans. Employer contributions to the plans are charged to income on a basis which recognises the costs of pensions over the expected service lives of employees covered by the plans. The Group's funding policy for these plans is to contribute annually at a rate that is intended to maintain a level percentage of compensation for the employees covered. A full valuation is prepared at least every three years.

Effective from 1 January 2007, Swiss Re has changed the structure of its Swiss pension plan to a defined contribution scheme. The plan will continue to be accounted for as a defined benefit plan under US GAAP.

The Group also provides certain health-care and life insurance benefits for retired employees and their dependants. Employees become eligible for these benefits when they become eligible for pension benefits.

### Components of net periodic benefit cost

The components of pension and post-retirement cost for the six months ended 30 June 2006 and 2007, respectively, were as follows:

CHF millions, for the six months ended 30 June	Swiss plans pension benefits		Foreign plans pension benefits		Other benefits	
	2006	2007	2006	2007	2006	2007
Service cost						
(net of participant contributions)	58	46	31	35	18	17
Interest cost	41	45	44	61	11	11
Expected return on assets	-63	-71	-37	-50		
Amortisation of:						
Net gain/loss	19	11	12	16	1	
Prior service cost	2	3	1		-4	-4
Effect of settlement, curtailment and termination	2					
<b>Net periodic benefit cost</b>	<b>59</b>	<b>34</b>	<b>51</b>	<b>62</b>	<b>26</b>	<b>24</b>

### Employers contributions for 2007

As of 30 June 2007, the Group contributed CHF 142 million to its defined benefit plans and CHF 7 million to other post-retirement plans, compared to CHF 62 million and CHF 7 million in 2006, respectively.

The expected 2007 contributions to the defined benefit plans, revised as of 30 June 2007 for latest information, amount to CHF 269 million (31 December 2006: CHF 211 million). The expected contributions to the other post-retirement plans, revised as of 30 June 2007 for latest information, amount to CHF 14 million (31 December 2006: CHF 13 million).

## 10. Information on business segments

The Group provides reinsurance, insurance and financial services throughout the world through three business segments. The business segments are determined by the organisational structure. The business segments in place are Property & Casualty, Life & Health and Financial Services. The other section includes items which are not allocated to operating segments. The main items are foreign exchange remeasurement, the mark to market of trading portfolios designated to match foreign currency reinsurance net liabilities, financing costs for financial debt and corporate centre expenses.

Net investment income and realised investment gains are allocated to the business segments based on the net investment income and realised investment gains of the legal entities that are operated by these business segments. Where one entity is utilised by two or more business segments, the net investment income and realised investment gains are allocated to these business segments using technical reserves and other information as a key for the allocation. The Financial Services business segment provides investment management services to the other business segments, and includes the fees charged in net investment income. These fees are based on service contracts.

Financial Services provides structuring support for certain transactions, for example insurance-linked securities, issued on behalf of the business segments. The Financial Services business segment includes the fees charged in net investment income. The business segments provide origination services for certain transactions underwritten and accounted for within another business segment. The commissions are included in acquisition costs.

## a) Business segment results

For the three months ended 30 June

2006 CHF millions	Property & Casualty	Life & Health	Financial Services	Other	Total
<b>Revenues</b>					
Premiums earned	3 928	2 610	283		6 821
Fee income		217			217
Net investment income	654	1 044	50	30	1 778
Net realised investment gains/losses	92	-83	25	-250	-216
Trading and other revenues	10		171	-54	127
<b>Total revenues</b>	<b>4 684</b>	<b>3 788</b>	<b>529</b>	<b>-274</b>	<b>8 727</b>

<b>Expenses</b>					
Claims and claim adjustment expenses; life and health benefits	-2 507	-2 051	-123		-4 681
Interest credited to policyholders		-326			-326
Acquisition costs	-852	-609	-98		-1 559
Other expenses	-302	-251	-195	-222	-970
Interest expenses				-136	-136
<b>Total expenses</b>	<b>-3 661</b>	<b>-3 237</b>	<b>-416</b>	<b>-358</b>	<b>-7 672</b>

<b>Operating income/loss</b>	<b>1 023</b>	<b>551</b>	<b>113</b>	<b>-632</b>	<b>1 055</b>
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2007 CHF millions	Property & Casualty	Life & Health	Financial Services	Other	Total
<b>Revenues</b>					
Premiums earned	4 549	3 105	301		7 955
Fee income		278			278
Net investment income	1 156	1 370	33	29	2 588
Net realised investment gains/losses	201	1 245	22	-226	1 242
Trading and other revenues	22		351	-100	273
<b>Total revenues</b>	<b>5 928</b>	<b>5 998</b>	<b>707</b>	<b>-297</b>	<b>12 336</b>

<b>Expenses</b>					
Claims and claim adjustment expenses; life and health benefits	-3 003	-3 020	-133		-6 156
Interest credited to policyholders		-1 755			-1 755
Acquisition costs	-814	-645	-98		-1 557
Other expenses	-396	-312	-283	-150	-1 141
Interest expenses				-203	-203
<b>Total expenses</b>	<b>-4 213</b>	<b>-5 732</b>	<b>-514</b>	<b>-353</b>	<b>-10 812</b>

<b>Operating income/loss</b>	<b>1 715</b>	<b>266</b>	<b>193</b>	<b>-650</b>	<b>1 524</b>
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For the six months ended 30 June

2006 CHF millions	Property & Casualty	Life & Health	Financial Services	Other	Total
<b>Revenues</b>					
Premiums earned	7 850	4 993	537		13 380
Fee income		467			467
Net investment income	1 176	1 968	71	44	3 259
Net realised investment gains/losses	514	614	31	-441	718
Trading and other revenues	29		308	-52	285
<b>Total revenues</b>	<b>9 569</b>	<b>8 042</b>	<b>947</b>	<b>-449</b>	<b>18 109</b>
<b>Expenses</b>					
Claims and claim adjustment expenses; life and health benefits	-5 163	-4 325	-233		-9 721
Interest credited to policyholders		-1 345			-1 345
Acquisition costs	-1 682	-1 089	-185		-2 956
Other expenses	-537	-445	-340	-343	-1 665
Interest expenses				-230	-230
<b>Total expenses</b>	<b>-7 382</b>	<b>-7 204</b>	<b>-758</b>	<b>-573</b>	<b>-15 917</b>
<b>Operating income/loss</b>	<b>2 187</b>	<b>838</b>	<b>189</b>	<b>-1 022</b>	<b>2 192</b>
<b>2007</b>					
CHF millions	Property & Casualty	Life & Health	Financial Services	Other	Total
<b>Revenues</b>					
Premiums earned	9 188	6 293	565		16 046
Fee income		491			491
Net investment income	2 001	2 467	71	45	4 584
Net realised investment gains/losses	453	1 566	34	-65	1 988
Trading and other revenues	54		715	-90	679
<b>Total revenues</b>	<b>11 696</b>	<b>10 817</b>	<b>1 385</b>	<b>-110</b>	<b>23 788</b>
<b>Expenses</b>					
Claims and claim adjustment expenses; life and health benefits	-6 339	-5 913	-209		-12 461
Interest credited to policyholders		-2 391			-2 391
Acquisition costs	-1 685	-1 236	-193		-3 114
Other expenses	-749	-610	-555	-277	-2 191
Interest expenses				-358	-358
<b>Total expenses</b>	<b>-8 773</b>	<b>-10 150</b>	<b>-957</b>	<b>-635</b>	<b>-20 515</b>
<b>Operating income/loss</b>	<b>2 923</b>	<b>667</b>	<b>428</b>	<b>-745</b>	<b>3 273</b>

## b) Property & Casualty business segment – by line of business

For the three months ended 30 June

2006 CHF millions	Property traditional	Liability traditional	Motor traditional	Accident traditional	Specialty traditional	Total traditional	Non- traditional	Total
<b>Revenues</b>								
Premiums earned	1 455	1 040	427	180	637	3 739	189	3 928
Net investment income	95	269	75	73	71	583	71	654
Net realised investment gains/losses	-7	40	11	16	14	74	18	92
Trading and other revenues					16	16	-6	10
<b>Total revenues</b>	<b>1 543</b>	<b>1 349</b>	<b>513</b>	<b>269</b>	<b>738</b>	<b>4 412</b>	<b>272</b>	<b>4 684</b>
<b>Expenses</b>								
Claims and claim adjustment expenses	-895	-797	-287	-140	-314	-2 433	-74	-2 507
Acquisition costs	-279	-237	-82	-40	-153	-791	-61	-852
Other expenses	-88	-81	-31	-11	-75	-286	-16	-302
<b>Total expenses</b>	<b>-1 262</b>	<b>-1 115</b>	<b>-400</b>	<b>-191</b>	<b>-542</b>	<b>-3 510</b>	<b>-151</b>	<b>-3 661</b>
<b>Operating income</b>	<b>281</b>	<b>234</b>	<b>113</b>	<b>78</b>	<b>196</b>	<b>902</b>	<b>121</b>	<b>1 023</b>
Claims ratio in %	61.5	76.6	67.2	77.8	49.3	65.1		
Expense ratio in %	25.2	30.6	26.5	28.3	35.8	28.8		
Combined ratio in %	86.7	107.2	93.7	106.1	85.1	93.9		
<b>2007</b>								
CHF millions	Property traditional	Liability traditional	Motor traditional	Accident traditional	Specialty traditional	Total traditional	Non- traditional	Total
<b>Revenues</b>								
Premiums earned	1 696	1 073	548	220	923	4 460	89	4 549
Net investment income	197	490	139	134	117	1 077	79	1 156
Net realised investment gains	31	77	22	21	19	170	31	201
Trading and other revenues	-8				30	22		22
<b>Total revenues</b>	<b>1 916</b>	<b>1 640</b>	<b>709</b>	<b>375</b>	<b>1 089</b>	<b>5 729</b>	<b>199</b>	<b>5 928</b>
<b>Expenses</b>								
Claims and claim adjustment expenses	-915	-1 007	-334	-164	-476	-2 896	-107	-3 003
Acquisition costs	-325	-179	-111	-36	-132	-783	-31	-814
Other expenses	-113	-121	-32	-36	-68	-370	-26	-396
<b>Total expenses</b>	<b>-1 353</b>	<b>-1 307</b>	<b>-477</b>	<b>-236</b>	<b>-676</b>	<b>-4 049</b>	<b>-164</b>	<b>-4 213</b>
<b>Operating income</b>	<b>563</b>	<b>333</b>	<b>232</b>	<b>139</b>	<b>413</b>	<b>1 680</b>	<b>35</b>	<b>1 715</b>
Claims ratio in %	54.0	93.8	60.9	74.5	51.6	64.9		
Expense ratio in %	25.8	28.0	26.1	32.8	21.6	25.8		
Combined ratio in %	79.8	121.8	87.0	107.3	73.2	90.7		

For the six months ended 30 June

2006 CHF millions	Property traditional	Liability traditional	Motor traditional	Accident traditional	Specialty traditional	Total traditional	Non- traditional	Total
<b>Revenues</b>								
Premiums earned	2 749	2 005	935	418	1 349	7 456	394	7 850
Net investment income	200	453	127	112	113	1 005	171	1 176
Net realised investment gains	98	224	63	56	56	497	17	514
Trading and other revenues					29	29		29
<b>Total revenues</b>	<b>3 047</b>	<b>2 682</b>	<b>1 125</b>	<b>586</b>	<b>1 547</b>	<b>8 987</b>	<b>582</b>	<b>9 569</b>
<b>Expenses</b>								
Claims and claim adjustment expenses	-1 638	-1 452	-637	-342	-810	-4 879	-284	-5 163
Acquisition costs	-520	-423	-178	-92	-282	-1 495	-187	-1 682
Other expenses	-180	-143	-59	-25	-108	-515	-22	-537
<b>Total expenses</b>	<b>-2 338</b>	<b>-2 018</b>	<b>-874</b>	<b>-459</b>	<b>-1 200</b>	<b>-6 889</b>	<b>-493</b>	<b>-7 382</b>
<b>Operating income/loss</b>	<b>709</b>	<b>664</b>	<b>251</b>	<b>127</b>	<b>347</b>	<b>2 098</b>	<b>89</b>	<b>2 187</b>
Claims ratio in %	59.6	72.4	68.1	81.8	60.1	65.4		
Expense ratio in %	25.4	28.2	25.4	28.0	28.9	27.0		
Combined ratio in %	85.0	100.6	93.5	109.8	89.0	92.4		
<b>2007</b>								
CHF millions	Property traditional	Liability traditional	Motor traditional	Accident traditional	Specialty traditional	Total traditional	Non- traditional	Total
<b>Revenues</b>								
Premiums earned	3 374	2 203	1 073	509	1 855	9 014	174	9 188
Net investment income	335	832	236	228	199	1 830	171	2 001
Net realised investment gains	74	185	52	51	45	407	46	453
Trading and other revenues					54	54		54
<b>Total revenues</b>	<b>3 783</b>	<b>3 220</b>	<b>1 361</b>	<b>788</b>	<b>2 153</b>	<b>11 305</b>	<b>391</b>	<b>11 696</b>
<b>Expenses</b>								
Claims and claim adjustment expenses	-1 861	-2 047	-737	-406	-983	-6 034	-305	-6 339
Acquisition costs	-596	-382	-206	-94	-354	-1 632	-53	-1 685
Other expenses	-248	-212	-70	-56	-113	-699	-50	-749
<b>Total expenses</b>	<b>-2 705</b>	<b>-2 641</b>	<b>-1 013</b>	<b>-556</b>	<b>-1 450</b>	<b>-8 365</b>	<b>-408</b>	<b>-8 773</b>
<b>Operating income</b>	<b>1 078</b>	<b>579</b>	<b>348</b>	<b>232</b>	<b>703</b>	<b>2 940</b>	<b>-17</b>	<b>2 923</b>
Claims ratio in %	55.2	92.9	68.7	79.7	53.0	66.9		
Expense ratio in %	25.0	27.0	25.7	29.5	25.2	25.9		
Combined ratio in %	80.2	119.9	94.4	109.2	78.2	92.8		

### c) Life & Health business segment – by line of business

For the three months ended 30 June

2006 CHF millions	Life traditional	Health traditional	Total traditional	Admin Re®	Total
<b>Revenues</b>					
Premiums earned	1986	450	2436	174	2610
Fee income	14		14	203	217
Net investment income	296	145	441	603	1044
Net realised investment gains	339	20	359	-442	-83
<b>Total revenues</b>	<b>2635</b>	<b>615</b>	<b>3250</b>	<b>538</b>	<b>3788</b>
<b>Expenses</b>					
Claims and claim adjustment expenses; life and health benefits	-1377	-309	-1686	-365	-2051
Interest credited to policyholders	-319		-319	-7	-326
Acquisition costs	-454	-120	-574	-35	-609
Other expenses	-113	-27	-140	-111	-251
<b>Total expenses</b>	<b>-2263</b>	<b>-456</b>	<b>-2719</b>	<b>-518</b>	<b>-3237</b>
<b>Operating income</b>	<b>372</b>	<b>159</b>	<b>531</b>	<b>20</b>	<b>551</b>
<b>Operating result, excluding non-participating net realised investment gains</b>	<b>304</b>	<b>139</b>	<b>443</b>	<b>34</b>	<b>477</b>
Net investment income – unit-linked	31		31	197	228
Net realised investment gains – unit-linked	271		271	-386	-115
Net realised investment gains – non-participating	68	20	88	-14	74
Operating revenues <sup>1</sup>	2265	595	2860	741	3601
Management expense ratio in %	5.0	4.5	4.9	15.0	7.0
Return on operating revenues in %	13.4	23.4	15.5	4.6	13.2

<sup>1</sup> Operating revenues exclude net investment income and net realised investment gains from unit-linked business as these are passed through to contract holders via interest credited to policyholders and therefore do not have an impact on the operating result.

For the three months ended 30 June

2007 CHF millions	Life traditional	Health traditional	Total traditional	Admin Re®	Total
<b>Revenues</b>					
Premiums earned	2092	704	2796	309	3105
Fee income	14		14	264	278
Net investment income	358	163	521	849	1370
Net realised investment gains	162	6	168	1077	1245
<b>Total revenues</b>	<b>2626</b>	<b>873</b>	<b>3499</b>	<b>2499</b>	<b>5998</b>
<b>Expenses</b>					
Claims and claim adjustment expenses; life and health benefits	-1729	-633	-2362	-658	-3020
Interest credited to policyholders	-191		-191	-1564	-1755
Acquisition costs	-438	-104	-542	-103	-645
Other expenses	-149	-48	-197	-115	-312
<b>Total expenses</b>	<b>-2507</b>	<b>-785</b>	<b>-3292</b>	<b>-2440</b>	<b>-5732</b>
<b>Operating income</b>	<b>119</b>	<b>88</b>	<b>207</b>	<b>59</b>	<b>266</b>
<b>Operating result, excluding non-participating net realised investment gains</b>	<b>128</b>	<b>82</b>	<b>210</b>	<b>125</b>	<b>335</b>
Net investment income – unit-linked	30		30	241	271
Net realised investment gains – unit-linked	171		171	1116	1287
Net realised investment gains – non-participating	-9	6	-3	-66	-69
<b>Operating revenues<sup>1</sup></b>	<b>2434</b>	<b>867</b>	<b>3301</b>	<b>1208</b>	<b>4509</b>
Management expense ratio in %	6.1	5.5	6.0	9.5	6.9
Return on operating revenues in %	5.3	9.5	6.4	10.3	7.4

<sup>1</sup> Operating revenues exclude net investment income and net realised investment gains from unit-linked business as these are passed through to contract holders via interest credited to policyholders and therefore do not have an impact on the operating result.

For the six months ended 30 June

2006 CHF millions	Life traditional	Health traditional	Total traditional	Admin Re <sup>®</sup>	Total
<b>Revenues</b>					
Premiums earned	3 771	861	4 632	361	4 993
Fee income	17		17	450	467
Net investment income	538	287	825	1 143	1 968
Net realised investment gains	369	2	371	243	614
<b>Total revenues</b>	<b>4 695</b>	<b>1 150</b>	<b>5 845</b>	<b>2 197</b>	<b>8 042</b>
<b>Expenses</b>					
Claims and claim adjustment expenses; life and health benefits	-2 815	-687	-3 502	-823	-4 325
Interest credited to policyholders	-349		-349	-996	-1 345
Acquisition costs	-806	-226	-1 032	-57	-1 089
Other expenses	-213	-54	-267	-178	-445
<b>Total expenses</b>	<b>-4 183</b>	<b>-967</b>	<b>-5 150</b>	<b>-2 054</b>	<b>-7 204</b>
<b>Operating income</b>	<b>512</b>	<b>183</b>	<b>695</b>	<b>143</b>	<b>838</b>
<b>Operating result, excluding non-participating net realised investment gains</b>	<b>414</b>	<b>181</b>	<b>595</b>	<b>179</b>	<b>774</b>
Net investment income – unit-linked	50		50	328	378
Net realised investment gains – unit-linked	271		271	272	543
Net realised investment gains – non-participating	98	2	100	-36	64
<b>Operating revenues<sup>1</sup></b>	<b>4 276</b>	<b>1 148</b>	<b>5 424</b>	<b>1 633</b>	<b>7 057</b>
Management expense ratio in %	5.0	4.7	4.9	10.9	6.3
Return on operating revenues in %	9.7	15.8	11.0	11.0	11.0

<sup>1</sup> Operating revenues exclude net investment income and net realised investment gains from unit-linked business as these are passed through to contract holders via interest credited to policyholders and therefore do not have an impact on the operating result.

For the six months ended 30 June

2007 CHF millions	Life traditional	Health traditional	Total traditional	Admin Re*	Total
<b>Revenues</b>					
Premiums earned	4066	1462	5528	765	6293
Fee income	21		21	470	491
Net investment income	674	312	986	1481	2467
Net realised investment gains	175	9	184	1382	1566
<b>Total revenues</b>	<b>4936</b>	<b>1783</b>	<b>6719</b>	<b>4098</b>	<b>10817</b>
<b>Expenses</b>					
Claims and claim adjustment expenses; life and health benefits	-3182	-1273	-4455	-1458	-5913
Interest credited to policyholders	-245		-245	-2146	-2391
Acquisition costs	-817	-240	-1057	-179	-1236
Other expenses	-313	-87	-400	-210	-610
<b>Total expenses</b>	<b>-4557</b>	<b>-1600</b>	<b>-6157</b>	<b>-3993</b>	<b>-10150</b>
<b>Operating income</b>	<b>379</b>	<b>183</b>	<b>562</b>	<b>105</b>	<b>667</b>
<b>Operating result, excluding non-participating net realised investment gains</b>	<b>379</b>	<b>174</b>	<b>553</b>	<b>154</b>	<b>707</b>
Net investment income – unit-linked	58		58	347	405
Net realised investment gains – unit-linked	175		175	1414	1589
Net realised investment gains – non-participating		9	9	-49	-40
<b>Operating revenues<sup>1</sup></b>	<b>4703</b>	<b>1774</b>	<b>6477</b>	<b>2386</b>	<b>8863</b>
Management expense ratio in %	6.7	4.9	6.2	8.8	6.9
Return on operating revenues in %	8.1	9.8	8.5	6.5	8.0

<sup>1</sup> Operating revenues exclude net investment income and net realised investment gains from unit-linked business as these are passed through to contract holders via interest credited to policyholders and therefore do not have an impact on the operating result.

## 11. Variable interest entities

The Group holds a variable interest in various entities due to a modified coinsurance agreement, certain insurance-linked and credit-linked securitisations, private equity limited partnerships, hedge funds, debt financing and other entities, which meet the definition of a variable interest entity (VIE).

The insurance-linked and credit-linked securitisations transfer pre-existing insurance or credit risk to the capital markets through the issuance of insurance-linked or credit-linked securities. In insurance-linked securitisations, the securitisation vehicle initially assumes the insurance risk through insurance contracts. In credit-linked securitisations, the securitisation vehicle initially assumes the credit risk through credit default swaps.

The securitisation vehicle generally retains the issuance proceeds as collateral. The Group's variable interests arise through ownership of insurance-linked and credit-linked securities, or through protection provided for the value of the collateral held. The Group's maximum exposure to loss equals the higher of the carrying amount of the collateral protected or the carrying amount of the insurance-linked or credit-linked securities held. The collateral held usually consists of investment grade securities.

Commercial paper conduit vehicles issue commercial paper to finance the purchase of assets. The Group assumes the risks and rewards of a portion of the assets held by the vehicle through a total return swap. The maximum exposure to loss equals the carrying amount of the assets underlying the total return swap.

Investment vehicles also include private equity limited partnerships and hedge funds. The Group's variable interests arise through an ownership interest in the vehicle or a guarantee of the value of the assets held by the vehicle. The maximum exposure to loss equals the carrying amount of the ownership interest or the maximum amount payable under the guarantee.

Debt financing vehicles issue loan notes to provide Swiss Re with funding. The maximum potential loss is limited to the lower of the total assets excluding the funding provided to Swiss Re and the carrying amount of Swiss Re's ownership interest.

The following table shows the total assets of VIEs of which the Group is the primary beneficiary, but does not hold a majority voting interest:

CHF millions	31.12.2006	30.06.2007
Modified coinsurance agreement	5 324	4 337
Investment vehicles	447	4 376
Other	6	2
<b>Total</b>	<b>5 777</b>	<b>8 715</b>

As of 30 June 2007, the consolidation of the VIEs resulted in a minority interest in the balance sheet of CHF 676 million in 2007 (2006: CHF 702 million). The minority interest is included in accrued expenses and other liabilities. The net minority interest in income was CHF 8 million and CHF 44 million net of tax in half years ended 30 June 2006 and 2007, respectively. The income statement impacts are generally included in the relevant segment with the underlying movement in income or expenses.

The following table shows the total assets of and maximum exposure to loss in VIEs in which the Group holds a significant variable interest:

CHF millions	Total Assets	31.12.2006 Maximum exposure to loss	Total Assets	30.06.2007 Maximum exposure to loss
Insurance-linked/credit-linked securitisations	7 861	7 786	9 288	9 220
Commercial paper conduit vehicles	3 699	3 699	8 225	8 225
Investment vehicles	3 487	1 952	17 453	1 875
Debt financing	2 683	250	2 762	257
Other	795	777	705	739
<b>Total</b>	<b>18 525</b>	<b>14 464</b>	<b>38 433</b>	<b>20 316</b>

## 12. Restructuring provision

In the first six months of 2007, expenses of CHF 21 million were charged against the provision established as part of the GE Insurance Solutions acquisition. Expenses of CHF 27 million were charged against the provision for leaving benefits and real estate expenses, associated with the realignment of the existing Swiss Re business after the acquisition of GE Insurance Solutions.

2007 CHF millions	Property & Casualty	Life & Health	Financial Services	Total
Balance as of 1 January	99	30	38	167
Increase of provision	2			2
Costs incurred	-35	-9	-4	-48
Effect of foreign currency translation	1			1
<b>Balance as of 30 June</b>	<b>67</b>	<b>21</b>	<b>34</b>	<b>122</b>

# Cautionary note on forward-looking statements

Certain statements and illustrations contained herein are forward-looking. These statements and illustrations provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to a historical fact or current fact. Forward-looking statements typically are identified by words or phrases such as "anticipate", "assume", "believe", "continue", "estimate", "expect", "foresee", "intend", "may increase" and "may fluctuate" and similar expressions or by future or conditional verbs such as "will", "should", "would" and "could". These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause Swiss Re's actual results, performance, achievements or prospects to be materially different from any future results, performance, achievements or prospects expressed or implied by such statements. Such factors include, among others:

- the impact of significant investments, acquisitions or dispositions, and any delays, unexpected costs or other issues experienced in connection with any such transactions, including, in the case of acquisitions, issues arising in connection with integrating acquired operations;
- cyclicalities of the reinsurance industry;
- changes in general economic conditions, particularly in our core markets;
- uncertainties in estimating reserves;
- the performance of financial markets;
- expected changes in our investment results as a result of the changed composition of our invested assets or changes in our investment policy;
- the frequency, severity and development of insured claim events;
- acts of terrorism and acts of war;
- mortality and morbidity experience;
- policy renewal and lapse rates;
- changes in rating agency policies or practices;
- the lowering or withdrawal of one or more of the financial strength or credit ratings of one or more of our subsidiaries;
- changes in levels of interest rates;
- political risks in the countries in which we operate or in which we insure risks;
- extraordinary events affecting our clients, such as bankruptcies and liquidations;
- risks associated with implementing our business strategies;
- changes in currency exchange rates;
- changes in laws and regulations, including changes in accounting standards and taxation requirements; and
- changes in competitive pressures.

These factors are not exhaustive. We operate in a continually changing environment and new risks emerge continually. Readers are cautioned not to place undue reliance on forward-looking statements. We undertake no obligation to publicly revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.

# Information

## **Important dates**

6 November 2007  
Third quarter results

11 December 2007  
Investors' Day

29 February 2008  
2007 annual results

18 April 2008  
144th Annual General Meeting

6 May 2008  
First quarter results

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